TEXAS DEPARTMENT OF INSURANCE
Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)
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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name
Memorial Hermann Surgical

Respondent Name
New Hampshire Insurance Co

MFDR Tracking Number
M4-17-0871-01

Carrier's Austin Representative
Box Number 19

MFDR Date Received
November 28, 2016

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "The above services were denied due to lack of authorization. Please see the enclosed authorization by the [adjustor] dated 03-03-2016."

Amount in Dispute: $6,947.64

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: The Division placed a copy of an acknowledgement of receipt of the medical fee dispute resolution on December 6, 2016. Texas Administrative Code §133.307 (d) (1) states,

> Responses to a request for MFDR shall be legible and submitted to the division and to the requestor in the form and manner prescribed by the division.
>
> (1) Timeliness. The response will be deemed timely if received by the division via mail service, personal delivery, or facsimile within 14 calendar days after the date the respondent received the copy of the requestor's dispute. If the division does not receive the response information within 14 calendar days of the dispute notification, then the division may base its decision on the available information.

As no response was received, this dispute will be reviewed based on available information.

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
April 1, 2016	Outpatient Hospital Services	$6,947.64	$6,947.64

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.600 sets out the procedures applicable to prior authorization.
3. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
   - 24G39 – This service has not been authorized by the network or primary care provider

Issues

1. Are the insurance carrier's reason for denial of payment supported?
2. What is the rule applicable to reimbursement?
3. Is the requestor entitled to additional reimbursement?

Findings

1. The requester seeks additional reimbursement for $6,947.64 for outpatient hospital services rendered on April 1, 2016.

   The insurance carrier reduced the disputed services with reduction codes, 24G39 – "This service has not been authorized by the network or primary care provider." 28 Texas Administrative Code 134.600(p)(2) states in pertinent part,

   > Non-emergency health care requiring preauthorization includes:
   >
   > > outpatient surgical or ambulatory surgical services as defined in subsection (a) of this section;

   Review of the submitted documentation finds:

   - "Email to Fax Delivery," dated March 3, 2016 from Gallagher Bassett with the statement, "Approved for discogram per Dr Arthur."

   Based on the above, the Division finds the carrier's denial of the submitted code(s) on the medical claim as "has not been authorized" is not supported. The services in dispute will be reviewed per applicable rules and fee guidelines.

2. The services in dispute are outpatient hospital services and are subject to provisions of 28 Texas Administrative Code §134.403. The relevant portions are found below:

   > (b) Definitions for words and terms, when used in this section, shall have the following meanings, unless clearly indicated otherwise
   >
   > > (3) "Medicare payment policy" means reimbursement methodologies, models, and values or weights including its coding, billing, and reporting payment policies as set forth in the Centers for Medicare and Medicaid Services (CMS) payment policies specific to Medicare.
   >
   > (d) For coding, billing, reporting, and reimbursement of health care covered in this section, Texas workers' compensation system participants shall apply Medicare payment policies in effect on the date a service is provided with any additions or exceptions specified in this section, including the following paragraphs.
   >
   > (f) The reimbursement calculation used for establishing the MAR shall be the Medicare facility specific amount, including outlier payment amounts, determined by applying the most recently adopted and effective Medicare Outpatient Prospective Payment System (OPPS) reimbursement formula and factors as published annually in the Federal Register. The following minimal modifications shall be applied.
   >
   > > (1) The sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by:
   > >
   > > (A) 200 percent; unless

(B) a facility or surgical implant provider requests separate reimbursement in accordance with subsection (g) of this section, in which case the facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by 130 percent.

The applicable Medicare payment policy is found at www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS.

The resources that define the components used to calculate the Medicare payment for OPPS are found below:

- **How Payment Rates Are Set**, found at www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/HospitalOutpaysysfctsht.pdf,
  - *To account for geographic differences in input prices, the labor portion of the national unadjusted payment rate (60 percent) is further adjusted by the hospital wage index for the area where payment is being made. The remaining 40 percent is not adjusted.*

- **Payment status indicator** - The status indicator identifies whether the service described by the HCPCS code is paid under the OPPS and if so, whether payment is made separately or packaged. The status indicator may also provide additional information about how the code is paid under the OPPS or under another payment system or fee schedule. The relevant status indicator may be found at the following: www.cms.gov, Hospital Outpatient Prospective Payment – Final Rule, OPPS Addenda, Addendum, D1.

- **APC payment groups** - Each HCPCS code for which separate payment is made under the OPPS is assigned to an ambulatory payment classification (APC) group. The payment rate and coinsurance amount calculated for an APC apply to all of the services assigned to the APC. A hospital may receive a number of APC payments for the services furnished to a patient on a single day; however, multiple surgical procedures furnished on the same day are subject to discounting. The relevant payment amount for each APC may be found at: www.cms.gov, Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Annual-Policy-Files, Addendum B. These files are updated quarterly.

Review of the submitted medical claim finds no request for separate reimbursement of implantables. The services in dispute are reimbursed per the fee calculations below:

Procedure Code	Status Indicator	APC	Payment Rate	60% labor related	2016 Wage Index Adjustment for provider 0.9615	40% non-labor related	Payment	Units	Maximum allowable reimbursement
72295 TC	Q2	5526	$2,718.83	$2,718.83 x 60% = $1,631.30	$1,631.30 x 0.9615 = $1,568.49	$2,718.83 x 40% = $1,087.53	$1,568.49 + $1,087.53 = $2,656.02	1	$2,656.02 x 200% = $5,312.04
72295, 59, TC	Q2	5526	$2,718.83	$2,718.83 x 60% = $1,631.30	$1,631.30 x 0.9615 = $1,568.49	$2,718.83 x 40% = $1,087.53	$1,568.49 + $1,087.53 = $2,656.02	2	$2,656.02 x 200% = $5,312.04 x 2 units = $10,624.08
								Total	$15,936.12

Status Indicator Q2 has the following definition – "Paid under OPPS; (1) Packaged APC payment if billed on the same date of service as a HCPCS code assigned status indicator "T." (2) In other circumstances, payment is made through a separate APC payment."

The remaining services have the following status indicators:

- Procedure code A9579 has status indicator N denoting packaged codes with no separate payment.
- Procedure code 62290 has status indicator N denoting packaged codes with no separate payment.
- Procedure code 62290 -59 has status indicator N denoting packaged codes with no separate payment.
- Procedure code J1885 has status indicator N denoting packaged codes with no separate payment.

3. The total allowable reimbursement for the services in dispute is $15,936.12. The amount previously paid by the insurance carrier is $0.00. The requestor is seeking additional reimbursement for $6,947.64. This amount is recommended.

ORDER

Based on the submitted information, pursuant to Texas Labor Code Sec. 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services in dispute. The Division hereby ORDERS the respondent to remit to the requestor the amount of $6,947.64, plus applicable accrued interest per 28 Texas Administrative Code §134.130 due within 30 days of receipt of this Order.

Authorized Signature

		December 28, 2016
Signature	Medical Fee Dispute Resolution Officer	Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with 28 Texas Administrative Code §133.307, 37 *Texas Register* 3833, applicable to disputes filed on or after June 1, 2012.

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the Division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the Division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.